

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 220803

70

ORIGIN OPIC-12

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 TRSE-00 XMB-07 SPC-03 CIEP-02

LAB-06 SIL-01 OMB-01 H-03 L-03 INT-08 /106 R

66617

DRAFTED BY: OPIC/ID:JWGURR

APPROVED BY: EB/IFD/OIA:MKENNEDY

IB/IFD/OIA:WHCOURTNEY

ARA/LA/BC:JRBINNS

OPIC:DRPOATS (INFO)

OPIC/ID/LA:BTMANSBACH

OPIC/ID:EEWRIGHT

----- 073113

R 082117Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ

LIMITED OFFICIAL USE STATE 220803

EO 11652: GDS

TAGS: EFIN, BL

SUBJ: IMPC/EMBOSA - OPIC'S VIEW

REF: A. LA PAZ 6429 B. LA PAZ 3126

1. OPIC IS CONCERNED THAT IMPC MAY BE GETTING UNFAIR TREATMENT FROM GOB. IF IT SHOULD DEVELOP THAT GOB HAS CLEARLY EXCEEDED ITS LEGAL RIGHTS IN CALLING FOR EMBOSA LIQUIDATION (WHICH WOULD APPARENTLY LEAVE IMPC WITHOUT COMPENSATION), A CURTAILING OF OPIC PROGRAMS IN BOLIVIA WOULD BE LIKELY TO FOLLOW. US POLICY ON EXPROPRIATION, OF COURSE, MAY ALSO COME INTO PLAY.

2. IN HIS CONTRACTS WITH OPIC, TYE STATES THAT HE HAS BEEN ATTEMPTING IN GOOD FAITH TO ARRANGE FINANCING NECESSARY

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 220803

TO AVOID DISOLUTION UNDER ARTICLE 39(B) OF EMBOSA STATUTES

AND HE MAY YET BE SUCCESSFUL. HE IS REPORTEDLY MEETING THIS WEEK WITH NEW JERSEY ZINC--A PROSPECT WHICH HE CONSIDERS QUITE GOOD. ENVIROTECH (A CALIFORNIA-BASED CORPORATION) AND US STEEL HAVE ALSO BEEN APPROACHED BY TYE. US STEEL HAS COPY OF THE MAY 1972 WORLD BANK FEASIBILITY STUDY AND SEES NO MAJOR PROBLEMS WITH ECONOMIC VIABILITY OF PROPOSED IMPC TECHNICAL PROCESS, AND OPINION THAT CONTRASTS WITH TECHNICAL EVALUATION EXPRESSED IN REF B. IN SHORT, IT APPEARS THAT TYE STILL STANDS GOOD CHANCE OF LINING UP REQUIRED FINANCING AND OPIC BELIEVES IT WOULD NOT BE UNREASONABLE TO GRANT TYE ADDITIONAL TIME TO FINALIZE ARRANGEMENTS.

3. UNDOUBTEDLY THERE ARE GROUNDS FOR QUESTIONING WHETHER EITHER IMPC OR GOB HAVE COMPLIED FULLY WITH EMBOSA STATUTES. OPIC BELIEVES THAT QUESTION IS COMPLEX AND IT WOULD BE DIFFICULT TO PIN BLAME FOR SHORTFALLS SQUARELY ON EITHER PARTY. TYE'S EFFORT TO ARRANGE FINANCING HAS, HOWEVER, BEEN SERIOUSLY HANDICAPPED (ACCORDING TO HIM) BY FAILURE OF GOB TO RATIFY IMPC MANAGEMENT CONTRACT IN ACCORDANCE WITH ARTICLE 35 OF EMBOSA STATUTES. GOB SEEMS CLEARLY AT FAULT ON THIS POINT.

FYI EXTENT TO WHICH LACK OF RATIFIED MANAGEMENT CONTRACT HAS HINDERED TYE'S EFFORTS IS NOT CLEAR, HOWEVER, ENVIROTECH TODL EOIC ON 2 NOV. THAT IN NEGOTIATIONS ON FINANCING OF PROJECT IT IS NOT AWARE OF MANAGEMENT CONTRACT PROBLEM BUT RATHER WAS RELYING ON INFORMAL RELATIONSHIP BETWEEN TYE AND GOB. END FYI.

4. OPIC IS CONCERNED THAT DISINTEGRATION OF IMPC/EMBOSA SETTLEMENT, WHICH OPIC HELPED ARRANGE, WILL SERIOUSLY AFFECT THE FOREIGN INVESTMENT CLIMATE IN BOLIVIA. DRESSER INDUSTRIES AND OTHER PROJECTS NOW NEARING FRUITATION COULD BE CASUALTIES.

5. OPIC WOULD APPRECIATE EMBASSY'S ASSESSMENT OF LEGALITY OF GOB TO LIQUIDATE EMBOSA APPARENTLY WITHOUT COMPENSATION TO IMPC. IF EMBASSY BELIEVES IT WARRANTED, OPIC WOULD ALSO APPRECIATE EMBASSY'S ENCOURAGING GOB FLEXI-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 220803

BILITY AND REASONABENESS TO AVOID FURTHER COMPLICATIONS OF CURRENT SITUATION. END. RUSH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 08 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE220803
Document Source: CORE
Document Unique ID: 00
Drafter: OPIC/ID:JWGURR
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731146/aaaabhmu.tel
Line Count: 109
Locator: TEXT ON-LINE
Office: ORIGIN OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. LA PAZ 6429 B. LA PAZ 3126
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 16 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16-Jan-2002 by martinjw>; APPROVED <05 MAR 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IMPC/EMBOSA - OPIC'S VIEW
TAGS: EFIN, BL
To: LA PAZ
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005